

# ANNUAL REPORT TO STOCKHOLDERS Montgomery Ward & Co., Incorporated

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Chicago, Ill., *January 26, 1923.*

TO THE STOCKHOLDERS:

We are pleased to present herewith the audited annual report of your Company's operations for the year ended December 31, 1922.

After providing for taxes, bad and doubtful accounts and depreciation on capital assets and inventories, the Company made a net profit of \$4,562,606.62 for the year.

At December 31, 1922, current assets amounted to \$26,524,219.56 and current liabilities \$8,195,865.51, a ratio of 3.24 to 1 as compared with a ratio of 2.75 to 1 at December 31, 1921.

The Company ended the year owing nothing for borrowed money and is in an excellent cash position.

Sales have shown a gratifying increase over last year, the number of orders received being the largest in the history of the Company.

Out of net profits earned in 1922, the Company has paid its preferred dividends for the five quarters ended December 31, 1922, and in addition has provided for Charter requirements in regard to reserves for Sinking Fund for the years 1921 and 1922 and for Surplus for the years 1920, 1921 and 1922, leaving a balance in undivided profits of \$2,717,987.87.

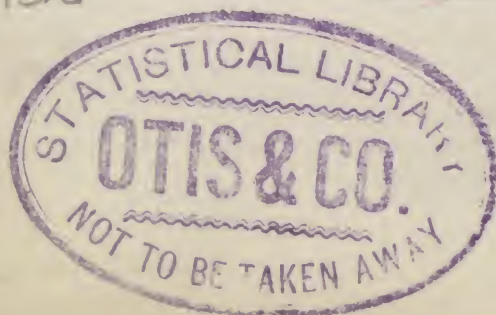
Because of the general results of the deflationary period of 1920 and 1921, the Balance Sheet for 1922 shows comparisons with 1921.

We take this opportunity to again express to you our faith in the earning power of your Company.

The Management is appreciative of the loyal co-operation of employees throughout the year.

MONTGOMERY WARD & CO., INCORPORATED.

THEODORE F. MERSELES, *President.*



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# MONTGOMERY WARD

## Balance Sheet—December 31, 1922

(Compared with December 31, 1921)

Assets	December 31, 1922	December 31, 1921
<b>CURRENT AND WORKING ASSETS:</b>		
Cash.....	\$ 3,897,975.25	\$ 1,497,530.99
Marketable Securities.....	308,685.88	290,903.82
Accounts Receivable.....	3,212,792.94	3,955,383.60
Notes Receivable.....	286,741.09	332,763.43
<b>Inventories of Merchandise, Supplies, etc.—</b>		
Mercantile.....	\$17,086,310.26	\$14,975,134.79
Factories.....	1,631,714.14	1,792,457.81
	<u>18,718,024.40</u>	<u>16,767,592.60</u>
<b>Affiliated Companies—</b>		
Notes Receivable.....	100,000.00	382,500.00
<b>Total Current and Working Assets.....</b>	<b>\$26,524,219.56</b>	<b>\$23,226,674.44</b>
<b>STOCK INVESTMENTS—AFFILIATED COMPANIES</b>	2,417,457.84	1,843,210.99
<b>SINKING FUND FOR PREFERRED STOCK.....</b>	<b>607,308.04</b>	<b>200,000.00</b>
<b>REAL ESTATE, BUILDINGS AND EQUIPMENT:</b>		
<b>Real Estate and Buildings—</b>		
Mercantile.....	\$11,758,880.82	\$11,702,725.01
Factories.....	844,709.88	853,526.28
	<u>\$12,603,590.70</u>	<u>\$12,556,251.29</u>
<b>Machinery and Equipment—</b>		
Mercantile.....	\$ 2,254,044.15	\$ 2,462,170.00
Factories.....	516,871.62	595,847.96
	<u>\$ 2,770,915.77</u>	<u>\$ 3,058,017.96</u>
<b>Total Real Estate, Buildings and Equipment.....</b>	<b>15,374,506.47</b>	<b>15,614,269.25</b>
<b>Net Sales for the year 1922.....</b>	<b>\$ 84,738,826</b>	
<b>Net Sales for the year 1921.....</b>	<b>\$ 68,523,244</b>	
	<u><u>\$44,923,491.91</u></u>	<u><u>\$40,884,154.68</u></u>

We have audited the accounts and records of Montgomery Ward & Co., Incorporated, covering the year ending December 31, 1922, and certify that the above Balance Sheet is in accordance with the records, and in our opinion, correctly sets forth the financial position of the Company as at December 31, 1922. After providing for depreciation on buildings and equipment and for bad and doubtful accounts, a net profit of \$4,562,606.62 has resulted from the operations for the year. Inventories of merchandise and supplies have been valued at cost or market, whichever was lower. There are arrears of dividend on the Class "A" Stock for the last quarter of 1920, all of 1921 and 1922, amounting to \$3,228,750.

Chicago, Illinois, January 23, 1923.

ARTHUR YOUNG & CO.,  
Certified Public Accountants.



# D & CO., Incorporated

December 31, 1922

December 31, 1921)

## Liabilities

### CURRENT LIABILITIES:

Notes Payable.....	\$ None	\$ 2,972,500.00
Accounts Payable—Mercantile.....	4,990,685.48	3,346,577.15
Due Customers.....	2,261,685.32	1,220,420.49
Taxes, etc.....	943,494.71	920,857.38

Total Current Liabilities.....	\$ 8,195,865.51	\$ 8,460,355.02
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GENERAL RESERVES.....	328,182.07	242,343.20
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RESERVE FOR REAL ESTATE, BUILDINGS, ETC....	1,735,371.38	1,735,371.38
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### PREFERRED STOCK 7% CUMULATIVE

(See Note "A"):

Authorized.....	\$4,249,800.00	\$10,000,000.00
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Issued.....	\$4,249,800.00	\$ 8,000,000.00
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Less: Preferred Stock purchased in the process of the reorganization, held in Treasury, 37,502 shares....	None	3,750,200.00
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### CLASS "A" STOCK \$7 PER SHARE CUMULATIVE:

205,000 shares having no par value.....	5,594,037.28	5,594,037.28
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(on liquidation or dissolution receives \$100 per  
share subject to rights of prior stock)

### COMMON STOCK (See Note "B"):

(After all of Class "B" Shares have been exchanged for  
Common Stock)

*1,141,251 shares of \$10 each.....	11,412,510.00	28,279,888.74
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### SURPLUS CREATED BY CONVERSION OF THE NO PAR VALUE COMMON STOCK TO \$10 PER SHARE PAR VALUE (See Note "B").....

9,189,737.80

(Not available for dividends)

### EARNED SURPLUS:

As at December 31 previous year.....	\$ None	\$ 2,429,772.36
Profit for year.....	4,562,606.62	9,887,396.30

Less: Preferred Dividends (See Note "C").....	\$4,562,606.62	\$ 7,457,623.94
	344,618.75	220,017.00

	4,217,987.87	7,677,640.94
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Made up of—

Reserved for Sinking Fund for Preferred Stock, years 1920, 1921 and 1922.....	\$ 600,000.00
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Reserved as per Charter requirements for Surplus for years 1920, 1921 and 1922.....	900,000.00
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Balance—undivided profits.....	2,717,987.87
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\$4,217,987.87

\$44,923,491.91

\$40,884,154.68

\*120 shares of Class "B" still to be exchanged.

Contingent Liability in respect to guarantee of Mortgage Bonds of \$310,000 now outstanding issued by Montgomery Ward Warehouse Corporation, Portland, Oregon, and of the Mortgage Bonds \$335,000 of the Eagle Paper Company, Joliet, Illinois.

Note "A": Reduction in authorized Preferred Stock from \$10,000,000 to \$4,249,800 and cancellation of the unissued shares as well as the 37,502 shares held in the Company's treasury at December 31, 1921, was made in February, 1922, pursuant to authorization by stockholders at the annual meeting of stockholders held on February 20, 1922.

Note "B": Adjustment of Common Stock from no par value to a basis of \$10 par value was made in February, 1922, resulting in extinguishment of the deficit of \$7,677,640.94 at December 31, 1921, and creation of the surplus as above of \$9,189,737.80 as authorized by stockholders at the annual meeting of stockholders held on February 20, 1922.

Note "C": Preferred Dividends paid and declared during 1922 represent the last quarter of 1921 and all of 1922.

